GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:3771
ANSWERED ON:30.07.2009
LOW COST CARRIERS
Sugavanam Shri E.G.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) the number of private owned low cost carriers which came into operation during the last three years and which are on the anvil;

(b) whether these low cost carriers are posing a threat to the revenue of the Government owned airlines and also put a great pressure on air traffic;

(c) if so, the details thereof; and

(d) the steps taken by the Government to make the air travel affordable to all classes in the country?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION(SHRI PRAFUL PATEL)

(a):- Government has not introduced any classification of low cost airlines and as such there is no distinction in the policy for such airlines. However, during the last three years from 2006-07 to 2008-09, following airlines have commenced air services: -

Indigo (Scheduled)

MDLR airlines (Scheduled Regional)

Government has also granted NOC to Star Aviation, Jagson Airlines, and ZAV Airways for operating scheduled regional air transport services. These airlines have yet to commence scheduled air services.

(b) and (c):- The private as well as the Government owned airlines compete within the same market and hence are mutually affected. However, the competition benefits consumers.

(d):- Domestic air fares are not being regulated by the Government. Domestic airlines are free to charge airfare as per the market forces. However, the Government has taken following steps for betterment of aviation sector:-

(i) Custom duty on import of ATF has been abolished.

(ii) The State Governments have been requested to reduce the sales tax on ATF. Government of Andhra Pradesh and in certain cases Government of Rajasthan have reduced the sales tax on ATF to 4%. Government of Maharashtra has also reduced sales tax on ATF from 25% to 4% for flights originating from airports other than Pune and Mumbai.

(iii) The Oil companies have started announcing the ATF prices on a fortnightly basis rather than monthly basis.